66 No. FL. 569-618—G. F. 300-19-2, dated 22nd July 1920.

MEMORANDUM.

The important features of the estimates are explained in this memorandum.

Revised Estimate for 1919-20.

2. The total revenue shows an improvement over the Budget of the year of Rs. 15,36,000 which is the net result of noticeable increases and decreases. The chief improvements appear under the Principal Heads of Revenue, Surplus Revenue of the Assigned Tract, Interest and Railways. There are decreases under the items of revenue, *viz.*, Mining Revenue, Krishnarajasagara Works, Electrical Works, and Sandal Oil Factories, mostly receivable in sterling.

Revenue.—The favourable agricultural conditions of the year have enabled the collection of arrears of Land Revenue to a larger extent than was anticipated in the Budget. The revenue from Forest is Rs. 4,45,000 more than the Budget, chiefly due to better bids for Tangadi leases. Increased litigation and extension of industrial and commercial activities explain the excess of 2 lakhs under Stamps. The Surplus Revenue of the Assigned Tract has been taken at Rs. 9,83,000 against 2 lakhs assumed in the Budget. Much of the improvement under Interest represents the arrears of interest payable on working advances made to the Sandal Oil Factories. The increase under Railways is attributable to the large influx of people to the Mysore City on the occasions of the last Dasara and the Viceregal visit and also to the gain on exchange in connection with the payment of interest on the Sterling Railway Debt. Part of the decrease under Sandal Oil Factories is due to the payment of arrear interest on working advances as stated above. The balance of reduction of revenue under these factories and the decreases under Mining Revenue, Krishnarajasagara Works and Electrical Works are entirely attributable to the high rate of exchange.

Expenditure.—The total expenditure exceeds the Budget forecast by Rs. 19,43,000. The cost of grain and war allowances was proposed in the Budget to be met from the Famine Insurance Reserve. It was considered inadvisable to draw upon the reserve for this purpose and the entire charge amounting to Rs. 14,80,000 shown under 17 Miscellaneous has accordingly been proposed to be met from the current revenues. The grant included in the Budget for the Viceregal visit was only one lakh, while the actual expenditure on this account is expected to be 5 lakhs. These two items chiefly account for the increase under expenditure.

Capital outlay.—The Capital Works programme provided for in the Budget was for Rs. 90 lakhs. It is anticipated that the actual expenditure will be about Rs. 116 lakhs, the increase being mainly due to the probability of a larger amount than had been provided for in the Budget for Iron Works being spent in the current year.

Budget Estimates for 1920-21.

3. The Budget for 1920-21 counts upon a total revenue of Rs. 3,15,15,000 and provides for a total expenditure of Rs. 3,24,66,000 resulting in a deficit of Rs. 9,51,000. The yield from the Income tax introduced with effect from this year is estimated at 6 lakhs and credit has been taken for it in the Budget. The high rate of exchange and the necessity to provide for expenditure on the grant of allowances to subordinate staffs for high cost of living make the position in the Budget one of deficit.

The high level of prices with the consequent larger expenditure on articles of different kinds which Government have to purchase is another factor contributing to the deficit. It has not been found possible to provide in the next year for the assignment of Rs. 10¼ lakhs for the group, Local Self-Government, and for the contribution of Rs. 5 lakhs for Irrigation Capital Reserve required to be made under the Financial Settlement.